



Flathead Valley/Glacier Park Region

Montana West Economic Development Board of Directors
May 27, 2015
12:00 to 1:30 pm Montana West Economic Development Office
44 Second Avenue West, Kalispell

Agenda

Call to order

Rick Weaver, chair

Review and adoption of April meeting minutes
Review of April financial statements

Dave Hergesheimer, Treas.

Staff Report
Business development update
FCEDA update
Strategic Plan
Columbia Falls Alum. Company data provided in board packet

New Business

Adjourn

Next meeting is Wednesday, June 24

Due to the nature of the organization's business the agenda may change without notice to address urgent topics



FLATHEAD VALLEY / GLACIER PARK REGION

Montana West Economic Development Corporation

Board of Directors Meeting Minutes

Wednesday, April 22, 2015 | Montana West Economic Development | 44 Second Avenue West, Kalispell
12:00 - 1:30 pm

In Attendance	Arnold Bjork Pam Holmquist Jane Nolan Peter Saunders Ty Weber	Bill Buxton Shane Jackola Eric Peterson Maria Skonard Karen Witt	Marcus Duffy Don Lloyd Don Rich Jason Spring Rick Weaver	David Hergesheimer Susan Nicosia Doug Russell Tagen Vine
Absent	Susie Burch Eric Hanson Jeremy Presta	Mike Callaghan Taylor Horst Kevin Waldher	Lance Fahrney Pierre Kaptanian	Jen Frandsen John King
Staff	Kellie Danielson Lara Russell	Doug Bolender	Kellie Schwabl	Kim Morisaki
Guests	Michelle Herman (SmartLam) Paul Wachholz (West Venture Properties) TJ Wendt (State Farm/Evergreen Chamber of Commerce) Amy Gault & Lori Reiner (Flathead Job Service) Haley Beaudry & Steve Rice (Columbia Falls Aluminum Company)			
Call to Order	Chairman Rick Weaver called the meeting to order at 12:10 pm			
Minutes	Don Rich made a motion to accept the March board meeting minutes with the correction that Dave Hergesheimer did not report on the financials in February; Shane Jackola seconded the motion. The motion passed.			
Financials	Dave Hergesheimer reviewed the financials for January, February, and March. Operating cash is at \$197,286, down from \$306,400 last year due to office building improvements. Contributions are up \$5,000 from last year, and loan interest income is down \$1,000 from last year. Net income is tracking with 2014. MWED staff added three new accounts including Office Land, Office Building, and FCEDA Note Payable to the R&E. There are some budget revisions but the changes do not affect the original bottom line. Depreciation was decreased from \$22,000 to \$16,000; the difference was added to utilities and professional services; the budget for USDA reserves (USDA loan expenses) was increased by decreasing the funds from the marketing and Microbiz loan loss line items. We have incurred \$1600 in building maintenance due to a broken window, plumbing issues, and other misc. needs. Susan Nicosia made a motion to approve the Financials for January, February, and March. Jane Nolan seconded the motion. The motion passed.			

AERO Request AERO has requested a \$5000 contribution again this year. It was decided by the exec committee to hold off on the contribution due to some large expenses for construction and the audit. There is intent to make a contribution later in the year if possible. Jason Spring commented the AERO board has raised \$230,000 and may have an expense to United of \$35,000 for the revenue guarantee flight.

Audit Report The year-end audits of both MWED and FCEDA are complete and there were no findings. There are a couple of suggestions from the audit; 1) cash receipts log needs dual signatures, and 2) we need a process to validate loan data entered in the software is accurate-a second pair of eyes if you will.

Business Development Update

Kellie Danielson mentioned she is keeping in contact with ClassOne Technology. The company requested a proposal in conjunction with the city of Kalispell. Kellie provided a list of incentives that are applicable to their project and offered assistance to them. CEI out of California is close to closing on a loan with a local lender at any time. Kim Morisaki will be discussing Big Sky Trust Fund with CEI this week. The loan review committee agreed to fund one retail project in Whitefish, as long as the company can meet collateral requirements.

FCEDA Update The March trip to Washington D.C. was successful in making our Legislators and Congressman aware of the Rail Park project, and generating their support of the project and the TIGER grant. Kim Morisaki and Katharine Thompson (city of Kalispell) returned to D.C. in April to meet with the leaders again, and to attend a one-day TIGER Grant training. In addition to the D.C. trips, FCEDA has also participated in meetings with Watco, BNSF, MT Department of Environmental Quality, MT Department of Natural Resources and Conservation, and the City of Kalispell. The engineer design work is scheduled to be completed by May 10th.

New Business Amy Gault and Lori Reiner from Flathead Job Service discussed the On-the-Job-Training Program that is available to help dislocated workers, or those that have been laid-off. Employees can have no prior experience in their new field, and the company cannot have laid anyone off in the previous 6 months. The program pays 50-90% of the employee's wages (depending on the size of the company) for 3-6 months (based on the job complication). There is no waiting period for an employee to be eligible, the program is not available to low-wage industries, and the public sector is excluded.

TJ Wendt was in attendance representing the Evergreen Chamber of Commerce. TJ requested MWED's support to have representation at the County Planning Board on May 13th to make the two-year overlay zoning district permanent. The current overlay will expire at the end of this year. It applies to any property touching Highway 2 or Highway 35 in Evergreen zoned B-2, and allows for flexibility in property zoning, (light manufacturing or distribution), increasing the number of prospective businesses eligible to operate in that area. The goal of the overlay is to improve the presentation of the Evergreen area and keep businesses filled.

Haley Beaudry and Steve Rice from the Columbia Falls Aluminum Company attended the meeting to request that members consider writing to the EPA requesting the CFAC site not be listed as a Superfund site on the National Priority List. According to Beaudry, the 60 day comment period ends May 25. CFAC believes the Superfund designation will slow down the turnaround time to make the site re-developable, and has concern with the property never coming off the list once it is on. CFAC has hired an environmental company (ROUX), to create a work plan which will be made public upon completion, which the company believes will be May or June. Once the work plan is complete, they will start the remedial investigation/feasibility study which will determine the nature and extent of

contamination at the site. CFAC says they are talking with contractors now, and intend to proceed with the work of demolishing some buildings possibly as soon as a couple weeks.

When asked what guarantees we have that the work will get done without Superfund designation, Mr. Beaudry said that the clean-up requirements are the same whether or not the site is on the National Priority List, and it will be quicker and less costly without the designation. Columbia Falls City Manager, Susan Nicosia, stated that her council unanimously approved the listing as a superfund designation to protect the water supply, to keep the community economically viable, and because the designation will ensure the work is completed. Pam Holmquist with Flathead County supports the remediation and wants to see it done as quickly as possible, but does not know which way will accomplish this most effectively.

Adjourn The meeting was adjourned at 1:35 pm.

Respectfully submitted,
Lara Russell

Proposed NPL Listing of the Anaconda Aluminum Company
Columbia Falls Reduction Plant

Fact Sheet

May 2015

Columbia Falls Aluminum Company (“CFAC”)

Test results show no threat to human health and environment

- The United States Environmental Protection Agency (“EPA”) tested drinking water wells in the Aluminum City neighborhood three times in 2013 – 2014 no tested wells had contaminants above applicable health-based drinking water standards.
- The contaminant on which EPA based its determination that the CFAC site was impacting the Flathead River in its support for its proposed NPL listing is manganese, an essential element that occurs naturally in soil all over Montana. In fact, the background concentrations of manganese in soil were twice as high as the concentrations in the soil at the CFAC site. The manganese levels that EPA found in the Flathead River adjacent to the site were not harmful to humans or the environment. The EPA never attributed the manganese to industrial activity at the CFAC site.
- Although the EPA includes manganese on a long list of substances for purposes of evaluating possible NPL sites, which includes such common substances as sodium (a primary element in table salt), the Montana Department of Environmental Quality never established a numeric water quality standard for manganese.
- The EPA did not find cyanide and fluoride, the contaminants associated with former aluminum smelters, in levels in the Flathead River sufficient to justify listing the site on the NPL.
- Tests by CFAC, as required by the Montana Department of Environmental Quality, over the last three quarters have found no aquatic toxicity associated with the site in the Flathead River.
- For almost 30 years, the water discharges from the site have been approved regulated under a Clean Water Act permit issued by the State of Montana and approved by the United States Environmental Protection Agency. As stated above, discharges under these permits have not adversely affected the water quality of the Flathead River.

Columbia Falls Aluminum Company is assessing Site Conditions and Historic Contamination Now

- CFAC has hired nationally recognized environmental consulting firm, Roux Associates, to develop a Remedial Investigation and Feasibility Work plan (“RI/FS Workplan”) that will comply with federal and state requirements even though it has not been required to do so by any government agency. The RI/FS Workplan will be the blueprint and general schedule for investigating historic contamination at the site and evaluating potential remedial solutions. Roux is a nationally recognized expert in evaluating and remediating contaminated sites around the country, including former Aluminum smelters.
- Roux is expected to have the draft of the RI/FS Workplan completed by the end of May.. When the draft is completed, CFAC will share the plan with the regulators and the public. Based on that feedback, Roux will develop a revised RI/FS Workplan.
- CFAC will begin the investigation according to the plan in compliance with all federal and state requirements and law.
- CFAC offered to test for cyanide and fluoride quarterly for a year at the Aluminum City drinking water wells sampled by EPA and provide the results to the well users.

Glencore Has and Will Continue to Provide CFAC with the Resources Necessary to Assess the Site

- Glencore has made certain CFAC can pay for Roux’s work and the other activities at the site and will ensure that CFAC has the resources to pay for the testing of the Aluminum City drinking water wells and any other necessary assessment expenses.

CFAC Tried But Couldn’t Reach Agreement with the State of Montana

- The Montana DEQ did not follow through on a commitment it made to CFAC, which would have moved this process forward more quickly. The agency said it would write a whitepaper on different approaches for CFAC to use to assess the site. The paper was never provided to CFAC. Instead, the agency presented an unreasonable draft Administrative Order on Consent (“AOC”) under Montana’s Comprehensive Environmental Cleanup and Responsibility Act (CECRA) to CFAC and said that it was “take it or leave it.” CFAC felt that proceeding under CECRA, as opposed to under the Montana programs under the Resource Conservation and Recovery Act or the Clean Water Act, would have complicated and delayed the process.
- CFAC preferred to meet directly with the DEQ to discuss the issues. The DEQ communicated with CFAC through the press. This also delayed and complicated the process.
- The DEQ wanted CFAC to commit in the AOC to perform any task ordered by the DEQ in the future, regardless of whether it made sense or not, with CFAC’s only recourse

being an expensive and time consuming court process.

- In December 2014, CFAC asked for a meeting with Governor Bullock to discuss the site and still hasn't received a response.
- With the DEQ's position and the stance that the Governor appears to have taken, CFAC had no choice but to approach the EPA to discuss entering into an agreement to assess the site.

CFAC Is Trying to Negotiate an AOC with EPA but the EPA Won't Respond

- CFAC told the EPA in December 2014 that it wanted to discuss entering into an AOC with the EPA and the Montana DEQ. Despite repeated requests, the EPA has not provided CFAC with a draft AOC and won't say when it will provide CFAC with a draft. CFAC felt that the usual EPA AOC would give the Montana DEQ a say in the process but would result in a more efficient assessment of the site because such agreements usually include a more cooperative approach to determining assessment techniques.
- Such AOCs typically contain many provisions that are intended to hold parties responsible for assessing site conditions, including requiring parties to post financial assurance to provide resources to assess the site if the agreeing party does not.

Listing the Site on the National Priorities List Will Slow Assessment, Waste Money and Stigmatize the Gateway to Glacier National Park

- There are 18 sites on the NPL in Montana; none has ever been removed from the list. Industrial reuse has not occurred at any Montana site that was finally listed on the NPL and has occurred on only one Montana Superfund site: The Burlington Northern Livingston Shop Complex, which was proposed for NPL listing in 1994 but the listing was never finalized.
- According to EPA, while multiple sites have and are undergoing community-based planning for reuse, actual re-use has occurred at a handful of sites and has included only government activity and recreation. These sites are:
 - Local government buildings and equipment at the Mouat and Upper Tenmile Creek Mining Area Site
 - Recreation at the Milltown Sediments Operable Unit and the Anaconda Company Site
- Only two of the 18 sites – Idaho Pole and Mouat Industries – have been designated by EPA as ready for reuse. The Town of Columbus constructed a building on the Mouat site, designated as ready for reuse in 2009. The Idaho Pole site was designated as ready for reuse in 2010 but has not been redeveloped.

- NPL listing has not meant quick cleanups:
 - The Barker Hughsville Mining District Site was placed on the NPL in 2001 and the EPA states that the site-wide Remedial Investigation is expected to be completed in “early 2015” some 14 years later.
 - The Basin Mining site was listed in 1999 and the Remedial Investigation and Feasibility Study was completed in 2013, another 14 year assessment.
 - The Milltown Reservoir site was originally placed on the NPL as part of the Clark Fork River Basin site in 1983. Remediation wasn’t completed until some 29 years later in 2012. The site is still undergoing monitoring and has not been delisted some 32 years later.
 - The EPA placed the East Helena site in the NPL in 1984 and it hasn’t updated the information about the site on its web site since 2011. As of that date, the site had not been cleaned up.
- Even EPA admits that NPL listing can hinder redevelopment. In an answer to a question regarding the Superfund Redevelopment Program. EPA states “Some sites are desirable [sic] because of their location or other economic factors. But in many instances, use is not inevitable. Developers often look elsewhere before even considering a Superfund site.” (<http://www.epa.gov/oerrpage/superfund/programs/recycle/faqs/index.html#14>)

Jobs Now, Inc. dba Montana West Economic Development
Balance Sheet
As of 04/30/2015

	2015 Current Period Balance	2014 Current Period Balance
ASSETS		
Current Assets		
Operating Cash	154,085.66	304,016.44
Restricted Cash for RLF	2,246,638.51	1,617,825.08
Account Receivable	17,433.56	17,910.00
Other Current Assets	1,788.16	1,788.16
Total Current Assets	2,419,945.89	1,941,539.68
Fixed Assets		
Web Site	34,660.55	34,548.05
Office Equipment	35,345.62	14,802.82
Office Building	460,433.02	
Office Land	144,500.00	
Depreciation	(49,193.49)	(37,807.00)
Total Fixed Assets	625,745.70	11,543.87
Other Assets		
		2,100.00
Prepaid Expenses	2,181.50	1,572.75
Building Loan Fees	4,027.00	
Accunulated Amortization	(34.00)	
Total Other Assets	6,174.50	3,672.75
Revolving Loan Receivables		
USDA IRP Loan Receivable	1,194,735.00	974,362.95
CDBG Loans Receivable	1,802,343.23	1,929,327.43
BOI Loans Receivable	126,792.07	87,307.80
SSBCI Loans Receivable	793,557.34	927,712.39
MBDC Loan Receivable	324,075.04	445,179.28
Total Revolving Loan Receivables	4,241,502.68	4,363,889.85
Loan Loss Reserve-USDA		
	(70,887.41)	(40,619.75)
Loan Loss Reserve-BOI		
	(7,832.11)	
Allowance for Bad Debt-CDBG		
	(100,108.02)	(100,108.02)
Loan Loss Reserve-MBDC		
	(58,960.93)	(58,960.93)
Total ASSETS	7,055,580.30	6,120,957.45
TOTAL ASSETS	7,055,580.30	6,120,957.45
LIABILITIES & EQUITY		
Current Liabilities		
Accounts Payable	8,344.68	8,372.92
Payroll Liabilities	7,431.83	4,235.24
NP Current Portion	40,665.58	35,098.74
Accrued Interest Payable	4,549.07	4,928.31
RE Tax Payable	6,765.10	

Jobs Now, Inc. dba Montana West Economic Development
Balance Sheet
As of 04/30/2015

USDA Reserve Payable	8,533.32	
Deferred Revenue	244,500.00	<u>12,863.78</u>
Renters Security Deposit	<u>1,050.00</u>	
Total Current Liabilities	321,839.58	65,498.99
Long Term Liabilities		
IRP Note Payable #1	83,465.13	90,014.99
IRP Note Payable #2	115,886.89	123,565.73
IRP Note Payable #3	415,501.37	436,479.56
IRP Note Payable #4	416,868.62	433,595.17
IRP Note Payable #5	483,911.98	500,000.00
BOI Note Payable #1	144,085.80	154,830.89
MBDC Note Payable	400,000.00	<u>400,000.00</u>
FCEDA Note Payable	468,825.50	
Total Long Term Liabilities	2,528,545.29	2,138,486.34
Equity		
MWED Assets	1,624,912.60	1,516,123.56
IRP Assets	133,451.00	133,451.00
CDBG Assets	<u>2,208,801.97</u>	2,208,801.97
Total Equity	3,967,165.57	3,858,376.53
Net Income		
	<u>238,029.86</u>	<u>58,595.59</u>
Total LIABILITIES & EQUITY	<u>7,055,580.30</u>	<u>6,120,957.45</u>

Jobs Now, Inc. dba Montana West Economic Development

Statement of Revenues and Expenditures

From 04/01/2015 Through 04/30/2015

	Prior Year	Current				
	Current Period Actual	Period Actual	YTD Actual	Prior Year YTD Actual	YTD Budget - Revised	Total Budget - Revised
REVENUE						
Contributions	8,125.00	9,750.00	58,200.00	55,387.00	36,666.68	110,000.00
Management Contract-FCEDA	0.00	0.00	100,000.00	100,000.00	100,000.00	170,000.00
Interest Income	18,376.25	16,267.35	58,661.97	56,569.31	71,166.68	213,500.00
Loan Fees	367.65	0.00	2,258.40	1,484.00	2,000.00	6,000.00
Grant Revenue	0.00	375.00	10,210.91	7,205.10	3,333.32	10,000.00
PTAC Funding	9,572.84	0.00	34,157.02	0.00	36,000.00	108,000.00
Reimbursed Expenses	465.00	11.20	9,989.92	5,497.86	3,333.32	10,000.00
Event Revenue	105.00	0.00	1,535.00	1,590.00	700.00	1,600.00
Program Revenue	0.00	0.00	0.00	0.00	200.00	400.00
Lease Revenue	700.00	0.00	3,050.00	0.00	5,800.00	17,400.00
Total REVENUE	<u>37,711.74</u>	<u>26,403.55</u>	<u>278,063.22</u>	<u>227,733.27</u>	<u>259,200.00</u>	<u>646,900.00</u>
EXPENDITURES						
Personnel Salaries & Company Expenses	33,947.88	30,410.80	137,550.93	121,439.17	137,887.64	413,663.00
Program Expenses	0.00	0.00	0.00	385.46	1,500.00	4,000.00
Member Relations	382.51	373.20	1,321.75	1,479.31	1,333.32	5,000.00
Marketing & Promotion	357.90	5,705.47	6,326.00	7,716.68	4,766.64	14,300.00
Events	519.75	1,200.00	2,041.60	1,636.11	1,200.00	1,600.00
Client Hosting/Business Development	0.00	26.45	7.01	90.80	666.68	2,000.00
Research & Information	0.00	0.00	0.00	0.00	666.68	2,000.00
Travel	394.51	0.00	2,301.75	3,508.25	4,550.00	13,650.00
Automobile	625.81	474.35	2,271.49	2,365.71	1,833.32	5,500.00
Training	(934.00)	0.00	540.00	358.99	1,166.64	3,500.00
Banking Expenses	41.32	0.00	202.16	0.00	75.00	225.00
Membership Dues/Subscriptions	25.00	315.00	998.00	1,312.00	600.00	1,800.00
Interest Expense	5,965.37	9,235.38	19,134.44	15,994.07	17,456.00	52,368.00
Real Estate Tax Expense	694.96	0.00	2,779.84	0.00	0.00	8,340.00
Allowance for Bad Debt	0.00	0.00	5,813.80	0.00	0.00	0.00
General Office Expense	2,801.02	4,422.61	14,333.79	17,788.36	19,333.32	58,000.00
Professional Services	13,293.25	104.38	13,954.71	1,492.31	15,371.64	22,115.00
Miscellaneous	2,133.33	0.00	8,933.32	0.00	7,066.68	21,200.00
Depreciation	1,099.79	0.00	4,011.26	0.00	5,333.32	16,000.00
Uncollected Invoices	0.00	0.00	500.00	0.00	0.00	0.00
Reimbursable Expense	1,323.53	0.00	5,011.51	928.58	0.00	0.00
Total EXPENDITURES	<u>62,671.93</u>	<u>52,267.64</u>	<u>228,033.36</u>	<u>176,495.80</u>	<u>220,806.88</u>	<u>645,261.00</u>
NET REVENUE	<u>(24,960.19)</u>	<u>(25,864.09)</u>	<u>50,029.86</u>	<u>51,237.47</u>	<u>38,393.12</u>	<u>1,639.00</u>
GRANT AWARDS						
Grant Pass-Through Revenue	0.00	8,750.00	188,000.00	12,827.50	0.00	0.00
Total GRANT AWARDS	<u>0.00</u>	<u>8,750.00</u>	<u>188,000.00</u>	<u>12,827.50</u>	<u>0.00</u>	<u>0.00</u>
GRANT RECIPIENT	<u>0.00</u>	<u>4,077.50</u>	<u>0.00</u>	<u>5,469.38</u>	<u>0.00</u>	<u>0.00</u>